

TO MR. A. Y. YEAMAN
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 C. C. TO MR. J. W. Burgard ☐
 " " " C. L. McCarty ☐
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 FROM MR. B. H. LITTLEFIELD /jc
 DATE September 11, 1967
 SUBJECT B&W Network TV Purchase and
Usage Policy

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Brown & Williamson Tobacco Corporation
 LOUISVILLE 1, KENTUCKY
 INTERNAL CORRESPONDENCE



Establishing criteria to govern TV network purchase and usage in relation to the youth audience can be established on a logical statistical basis. However, such a policy is necessarily more restrictive than the CAC policy under which we are now operating.

Projecting such a new policy in terms of our network participations in the current 68/69 broadcast season would involve breaking certain present commitments with the network(s).

Before arriving at a definition of our current policy and its implication in the future, it is important to adequately describe the CAC policy under which we have been operating. The CAC also controls spot TV, which restrictions are directly related to those for network TV, and radio as well. B&W uses only ethnic radio, Spanish and Negro, in a very limited way in comparison to competitors.

Since September 1966, our network TV has been restricted by the CAC to the degree that we cannot advertise in certain programs subjectively determined to be "primarily directed to persons under 21 years of age" and in vehicles that have a 2-20 year old audience in excess of 45% of the total audience.

The determination of a prohibitive level of youth audience was arrived at quite arbitrarily by the governor, and the restriction cannot be described as "rigid." His original basis for establishing a cut-off figure was on the assumption that any program which had more than 50% of its audience in the 2-20 group was deemed youth-directed. Then a 10% plus or minus margin of statistical error in measurement by syndicated research services was cranked in to the formula and a more restrictive figure of 45% was established.

Since this restriction was imposed only a single program has been subject to cancellation by a member company as a result of being proven non-compliant (Beverly Hillbillies R. J. R. in April 1967).

Obviously, member companies did not renew prohibited programs in successive seasons or did not stay in programs that were expected to exceed the limits imposed from preliminary audience measurements (Rango).

In addition, member companies have assiduously avoided any sponsorship that might be expected to have an excessive youth audience. This in effect has been our policy as well as that of our competitors.

The CAC policy could have been related directly to the universe with which it was dealing. 38.6% of the total population is in the 2-20 age group, while 35.6% is the percentage this group represents in prime time TV (7:30-11 PM E. S. T.) where the vast majority of TV cigarette advertising is concentrated. This figure and subsequent figures are based on a national probability sample of viewers to TV as reported in the Nielsen Audience Composition Report for April 1967. This survey has been used because it was the recent survey that is considered most typical of an average annual performance.

In averaging the 2-20 year old audience of all prime time programs sponsored by cigarette companies during the 2nd Quarter 1967, we get an overall average of 30.5% which is substantially below the 35.6% figure for all prime time programs. The individual figures by company are as follows:

B&W	33.2
R. J. Reynolds	32.2
Liggett & Myers	31.9
Philip Morris	29.4
American Tobacco	28.6
P. Lorillard	27.2

At this writing, we are developing these figures on a weighted average basis reflecting the actual number of exposure for each program in the April-June 1967 period. This will give us a more accurate measurement (B&W's weighted average is approximately 10% below the above figure).

It is evident that on the average B&W and the other companies have, through careful selection of programming, restricted youth audiences below the average for the time period and significantly below the level set by the CAC. Therefore, it can be statistically established that there has been no deliberate attempt to advertise cigarettes on programs that have above average youth audiences.

This fact is key in establishing our position as "responsible" advertisers.

In summary, I think we have to consider very carefully our position in regard to youth audience and whether we feel it is prudent at this time to further restrict our cut-off point below present CAC levels.

The second point that has been considered is the suggested prohibition of all cigarette advertising prior to 9 PM. This prohibition is impracticable for a number of reasons. Although the youth audience is more highly concentrated before 9 PM in network TV (estimated at 40%) than after (estimated at 28%), there are a number of pre-9 PM shows that are well below the average for early prime time. For example: Daniel Boone (B&W) 31.2%; Iron Horse (B&W) 27.5%; Jackie Gleason (P. M.) 27.6%; Virginian (R. J. R.) 23.3%.

Youth audiences are attracted by certain types of programming and if a program that appeals primarily to older audiences is competitive to one or two high youth-appeal programs on the other two networks, regardless of time period, the result is often a significantly below average youth audience to the older program.

The following example illustrates this point:

	<u>ABC</u>	<u>CBS</u>	<u>NBC</u>
Mon. 7:30-8:00	Iron Horse	Gilligan's Island	Monkees
% of Aud. 2-20	27.0	43.4	61.9
8:00-8:30	Iron Horse	Mr. Terrific	I Dream of Jeannie
% of Aud. 2-20	<u>28.0</u>	<u>51.5</u>	<u>49.6</u>
Average	27.5	47.5	55.8

The 9 PM restriction would virtually preclude our use of network television if it were implemented based on Eastern Standard Time. Nine o'clock programs feed across the country at varying times in different time zones as follows:

<u>Eastern</u>	<u>Central</u>	<u>Mountain</u>	<u>Pacific</u>
9 PM	8 PM	7 PM*	9 PM

*For some, but not all programs. Mountain Time Zone represents 2% of U.S. TV households - 30% of prime time network programs from Eastern feed; 30% from Pacific; 40% at various times.

Share of prime time viewing pre and post 9 PM based on local clock-time is as follows:

	<u>Eastern</u>	<u>Central</u>	<u>Mountain & Pacific</u>
Pre 9 PM	47	74	42
Post 9 PM	53	26	58

Even a 10 o'clock show that cleared at 9 PM in the Central Time Zone would clear at 8 PM over certain Mountain Time Zone stations.

These facts further emphasize the importance of exercising selectivity in program purchases to reach low concentrations of youth audience regardless of time of evening. If we cannot continue to buy on this basis we are out of the medium.

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